



---

## Internal Audit Report

### Housing Benefits

Report ref: C3/10

---

Report Issued

Draft: May 2013

Final: 11<sup>th</sup> June 2013



## Contents

Background	page 2
Scope	page 4
Audit Opinion	page 5
Detailed Findings & Action Plan	page 7

### Auditor:

Tom McIntosh  
Shaf Ahmed

### Distribution:

Name	Job Title
Samia Hussain	Corporate Head (Business Support)
Deborah Davies	Customer Services & Revenues and Benefits Manager
Margaret Allack	Systems and Subsidy Officer
Jo McConnell	Systems and Technical Officer
Jacque Franklin	Senior Benefit Officer

---

# 1 Background

1.1 This audit has been undertaken as part of the annual audit plan for 2012/13.

Housing Benefits is within the Business Support directorate. Housing Benefits ensures that Housing Benefit is paid to people within the district that need help to pay their rent and Council Tax.

There is a significant programme of changes, introduced by the Government. These changes will take effect on a phased basis over the next 5 years. Steps are taking place to determine the approach and action plan to implement these changes by the required deadline. The intention of the changes is to make benefits fairer and to reduce the number of benefits available.

Since the 2011/12 Housing Benefit audit, the implementation of the ATLAS interface, Council tax Support scheme and the Single Accommodation rate has been introduced. These schemes have had an impact on benefit claims and also on the administration processes in order to apply the changes effectively and without undue additional officer workload.

The ATLAS interface is a direct link to DWP benefit award data. The intention of this system is to provide real time benefit information from DWP. This will ensure that any changes of DWP benefits affecting the Housing Benefit claim will be made, within a day of the change. This in turn, should result in fewer overpayments. The transfer of data is risk assessed to determine if it requires manual intervention or for minor changes, are automatically input and changed on the Iworld system. The risk assessment parameters were set up with guidance from an external company.

The introduction of the Shared Accommodation Rate has changed. The age single claimants are entitled to this rate and have increased from up to 25 years old, to under 35 year olds. The Benefits Service undertook a review of all single claimants and upon the expiry of their current LHA rate, the new, lower payment, Shared Accommodation Rate will be applied.

Finally Craven District Council has had to consider how to apply a local Council Tax Support Scheme to replace the Council Tax Benefit scheme. The previous Council Tax Benefit scheme, which was funded by the Government, ceased from April 2013. A local scheme was required to be determined by 31st January 2013, explaining how the scheme will operate and to identify which groups will be able to claim support.

In 2012/13, the Housing Benefits team processed 1,911 new claims and 16,809 change of circumstances. The target for processing new claims and change of circumstances in 2012/13 is 10.5 days. Up to quarter 3 in 2012/13, the actual days to process a new claim and a change of circumstances are 10.4, a difference of 0.1 day.

The target to process change of circumstances in 2012/13 is 10.5 days. The actual days to process change of circumstances, up to quarter 3, was 13.4 days, a difference of 2.9 days.

- 1.2 Internal Audit is an assurance function that provides an independent and objective opinion to the Council on the control environment by evaluating its effectiveness in achieving the Council's objectives. Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 1.3 As part of this review Internal Audit undertook a walkthrough of the system which has identified the following Key Control Objectives (KCO's):
- To ensure that the key system controls are operating effectively and efficiently.
  - To confirm that the ATLAS risk analysis processes are robust and accurate.
  - To ensure that the Shared Accommodation changes have been correctly applied to claimant records.
  - To obtain assurance that the new Council Tax support scheme has been correctly consulted and applied.
  - To perform a check on system data through the IDEA software, to provide assurance that data quality and information is in the correct format. To identify potential duplicates and unusual trends in Housing and Council Tax Benefit data.

## 2 Audit Scope

2.1 The following testing was undertaken:

KCO	Test	Sample size
To ensure that the key system controls are operating effectively and efficiently.	Review the claim process to determine that claim evidence and requests for information are reasonable and the process is efficient.	20 x New claims(10x HB and 10x CTB) 20X x Change of circumstances (10x HB and 10x CTB) 10 x Over 30 days to award (New claims)
To confirm that the ATLAS risk analysis processes are robust and accurate.	To review the risk assessment model and to sample test 10 changes from ATLAS to ensure that the risk assessment process has correctly determined the change.	10 x individual ATLAS entries
To ensure that the Shared Accommodation changes have been correctly applied to claimant records.	Ensure that affected claimants are assessed and claim records are updated to reflect the new rate when their current LHA rate ends.	Confirmation of the application of the scheme
To obtain assurance that the new Council Tax support scheme has been correctly consulted and applied.	Confirm that the new Council Tax Support scheme was reported to Committee for approval to ensure that the locally managed scheme arrangements are fair and consistently applied.	Confirm that a scheme has been determined and agreed with Senior Management and Members
To perform a check on system data through the IDEA software, to provide assurance that data quality and information is in the correct format. To identify potential duplicates and unusual trends in Housing and Council Tax Benefit data.	Conduct a series of tests to ensure that there are no duplicate records; the data is in the correct format and that there are no trends or unusual results.	100% check on Housing Benefit data.

## 3 Audit Opinion

3.1 A summary of Internal Audit's opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

3.2 This audit has given a **Significant** Level of Assurance. Arrangements are in place to provide an efficient and well managed benefit service in 2012/13.

The section has embraced the new changes which affect the administration of Housing Benefits. There have been several amendments to the award of Housing Benefit and work has been undertaken to ensure that the Iworld system is prepared to accept the changes, as well as preparing and informing staff of how to apply to the new schemes.

Craven District Council has utilised 5 trainee staff from an external provider to help reduce the back log of work. Craven District Council provided 4 weeks of training so that the trainees were able to understand how the Benefits system operates and how to review and determine each claim. In exchange for the training given, these 5 trainees then provided approximately 2 months support in processing claims and change of circumstances. These trainees were provided, at no charge to the Council. The only outlay that the Council made was the staff time to initially train up the staff. This innovative approach has helped to reduce the

backlog of claims and change of circumstances. Appendix A shows the backlog outstanding during the year. The charts also show a noticeable decrease in outstanding work whilst the trainees were working for the Council (for example, the maximum value of HB in tray documents reduced by 69% whilst the trainees were assisting the team). Since the trainees left in March 2013, workloads have slowly increased. This additional support shows that it had a positive impact on the workload.

The ATLAS data transfer and risk assessment arrangements were implemented with support from an external company that has previous experience of implementing ATLAS at other Local Authorities. The Council was required to determine what high risk claims which required manual intervention and checks and details of claims and amendments that could be automatically input onto Iworld, without review.

This support cost the Council approximately £3k. However, the external company proposed that if Craven District Council could refer there services to other Local Authorities, CDC would be paid £1k for each referral. Following discussions with the Senior Benefit Officer, CDC referred 3 Local Authorities (Scarborough, Hambleton and Selby) so the actual cost for the implementation of the ATLAS module was nil. Again, this approach has enabled the Housing Benefit service to obtain services for a small or no fee.

The ability to use other companies/approaches has enabled the service to obtain value for money, to deliver the service.

No recommendations were made for this audit. The application, assessment and award of Housing Benefit are well embedded. The section has accepted the new legislative changes and accurately updated systems and processes to ensure that benefit is correctly awarded.

IDEA analysis and subsequent tests did not identify any unusual results. Various tests were performed to identify any errors, duplicate records or unusual trends. This provides Management with additional assurance that system data is correct and accurate.

## 4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of management, therefore KCO's with adequate controls based on the samples examined are not included.

Recommendations are prioritised as follows; Priority 1 – These recommendations relate to significant gaps in the Internal Control Framework, Priority 2 – These recommendations relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls, Priority 3 - These issues relate to minor issues of non-compliance with controls.

Ref	Findings	Risk	Recommendations and Management Response	Officer Responsible and Implementation Date
1	No recommendations made			

The agreed actions will be subject to a follow up review to establish whether they have been implemented.

Any queries or requests for further information regarding this report should be directed to Tom McIntosh, Internal Auditor by email at [tmcintosh@cravendc.gov.uk](mailto:tmcintosh@cravendc.gov.uk) or by telephone on (01756) 706 360. If no contact is made using these details then please contact the above individual at Harrogate by email at [tom.mcintosh@harrogate.gov.uk](mailto:tom.mcintosh@harrogate.gov.uk) or by telephone on (01423) 556 115.

Internal Audit would like to thank the officers involved for their assistance during this audit.